

## CONDOMINIUM PUBLIC REPORT

Prepared &  
Issued by:

Developer 1501 THURSTON, LLC  
Business Address: 820 Bannister Street, Honolulu, HI 96819

Project Name (\*): GREEN THURSTON CONDOMINIUMS  
Business Address: 1050 & 1052 Green St and 1499 & 1501 Thurston Ave., Honolulu, HI 96822

Registration No. 5956 Effective date: May 31, 2007  
Expiration date: June 30, 2008

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

**Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.**

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

       **PRELIMINARY:**  
(yellow)

The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

  X   **FINAL:**  
(white)

The developer has legally created a condominium and has filed complete information with the Commission.

- [ ] No prior reports have been issued.  
[ X ] This report supersedes all prior public reports.  
[ ] This report must be read together with \_\_\_\_\_

       **SUPPLEMENTARY:**  
(pink)

This report updates information contained in the:

- [ ] Preliminary Public Report dated: \_\_\_\_\_  
[ ] Final Public Report dated: \_\_\_\_\_  
[ ] Supplementary Public Report dated: \_\_\_\_\_

And

- [ ] Supersedes all prior public reports.  
[ ] Must be read together with \_\_\_\_\_  
[ ] This report reactivates the \_\_\_\_\_  
public report(s) which expired on \_\_\_\_\_

(\*) Exactly as named in the Declaration

*This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.*

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104/0107

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [X] Not Required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[ ] No prior reports have been issued by the developer.

[X] Changes made are as follows:

- (1) Attorney for Developer. The address for the Attorney for the Developer in Section I has been amended.
- (2) Declaration of Condominium Property Regime. Section II.A has been revised to reflect an Amendment to Declaration of Condominium Property Regime for Green Thurston Condominiums, dated July 6, 2006, and filed as Document No. 3449702.
- (3) Condominium Map (File Plan). Section II.B has been revised to reflect an Amendment to Declaration of Condominium Property Regime and Condominium Map for Green Thurston Condominiums, dated March 28, 2007, and filed as Document No. 3580799. Page T-1A was amended and replaced by Page T1-A, as amended, to correct a typographical error in the aggregate square footage of the four lots.
- (4) Encumbrances Against Title. Section III.E references an updated Preliminary Title Report, dated March 21, 2007 and prepared by Island Title Corporation.
- (5) Blanket Liens – Section III.E reflects a mortgage which encumbers only Apartments 1 and 2, but is not a blanket lien. In the event the Developer defaults or the lien is foreclosed upon prior to conveyance to a Buyer, the sales contract is terminated and the Buyer is entitled to a refund of all deposits.
- (6) Construction Warranties. Section F.2 is revised to reflect that any manufacturer's warranties which would pass on to the buyer would expire at different times, depending on the date of manufacture, sale, or installation of the appliances
- (7) Status of Construction and Date of Completion or Estimated Date of Completion. Section III.G has been revised to reflect that construction of the project was completed in September 2006.
- (8) Additional Information Not Covered Above. Section V.C has been revised to add sections informing prospective buyers of their rights to construction remedies against the contractor, the minimum percentage required to amend condominium bylaws, and that each building was intended to be a single home unit, and the individual floors may not be sold separately.
- (9) Exhibit "E" – Encumbrances Against Title. Exhibit "E" has been amended to reflect updated Preliminary Title Reports, dated March 21, 2007 and prepared by Island Title Corporation. In addition, it should be noted that the updated Preliminary Title Reports do not reflect a Second Amendment to the Declaration of Condominium Property Regime and Condominium Map for Green Thurston Condominiums, dated March 28, 2007, and filed as Document No. 3580799, wherein Page T-1A was amended and replaced by Page T1-A, as amended, to correct a typographical error in the aggregate square footage of the four lots. In addition, the updated Title Reports show that three encroachments reflected the surveyor's map and/or report dated July 21, 2003, prepared by George A. Sumida, Licensed Professional Land Surveyor, have been removed and are no longer in existence.

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## **General Information On Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## **Operation of the Condominium Project**

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

## I. PERSONS CONNECTED WITH THE PROJECT

Developer: 1501 THURSTON, LLC Phone: 533-3456  
Name\* (Business)

820 Bannister Street  
Business Address

Honolulu, HI 96819

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Han Development, LLC, sole member of 1501 Thurston, LLC

Michael H. Chan Trust dated January 8, 2004 is a member of Han Development, LLC and  
Michael H. Chan and Stephanie L.Q. Chan are Co-Trustees of that Trust

Real Estate Broker\*: Prudential Location, LLC Phone: 735-4200  
Name (Business)

3465 Waiialae Avenue, 4<sup>th</sup> Floor  
Business Address  
Honolulu, HI 96816

Escrow First American Title Corporation Phone: 536-3866  
Name (Business)

1177 Kapiolani Blvd.  
Business Address  
Honolulu, HI 96814

General Contractor\* YS Construction, Inc. Phone: 358-6025  
Name (Business)

1316 Mookaula, #A  
Business Address  
Honolulu, HI 96817

Condominium Managing Agent\*: Project to be self-managed Phone: \_\_\_\_\_  
Name (Business)

Business Address

Attorney for Developer: Law Offices of Reuben S.F. Wong Phone: 531-3526  
Name (Business)

1164 Bishop St., Ste. 1006  
Business Address  
Honolulu, HI 96813

\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

## II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____ Book _____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>3374004</u>

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

Amendment to Declaration of Condominium Property Regime for Green Thurston Condominiums, dated July 6, 2006, filed as Document #3449702.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances	Condo Map No. <u>1764</u>
<input type="checkbox"/>	Filed -	Land Court	Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

Second Amendment to Declaration of Condominium Property Regime for Green Thurston Condominiums, dated March 28, 2007, and filed as Document No. 3580799.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____ Book _____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>3374005</u>

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

☐ Proposed      ☐ Adopted   ☒ Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>-----</u>

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

☐ No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

☒ Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

See Exhibit "A"

### III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

- ☒ Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- ☐ Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable: ☐ Monthly ☐ Quarterly  
☐ Semi-Annually ☐ Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per: ☐ Month ☐ Year

**For Sub-leaseholds:**

- ☐ Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: ☐ Canceled ☐ Foreclosed

- ☐ As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- ☐ **Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:**

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable: ☐ Monthly ☐ Quarterly  
☐ Semi-Annually ☐ Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per: ☐ Month ☐ Year



☐ Other:

### **IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 1050 & 1052 Green Street Tax Map Key (TMK): (1) 2-4-17-37  
and 1499 & 1501 Thurston Avenue  
Honolulu, HI 96822

☐ Address ☐ TMK is expected to change because \_\_\_\_\_

Land Area: 10,395 ☒ square feet ☐ acre(s) Zoning: A-2

Lessor: N/A  
Name  
Address

1. ☒ New Building(s)  
☐ Conversion of Existing Building(s)  
☐ Both New Building(s) and Conversion

2. ☐ Number of Buildings: 4 Floors Per Building: 3  
☒ Exhibit B contains further explanations.

3. Principal Construction Material:  
☐ Concrete ☐ Hollow Tile ☒ Wood  
☒ Other Stucco, Elastomeric Roofing Membrane Asphalt Shingles, Vinyl Frame Windows and Glass

4. Uses Permitted by Zoning:

		No. of Apts.	Use Permitted By Zoning	
<input checked="" type="checkbox"/>	Residential	<u>4</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Commercial	<u>          </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Mix Res/Comm	<u>          </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Hotel	<u>          </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Timeshare	<u>          </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Ohana	<u>          </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Industrial	<u>          </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Agricultural	<u>          </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Recreational	<u>          </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Other	<u>          </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?  
☒ Yes                      ☐ No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- [ ] Pets: \_\_\_\_\_
- [ ] Number of Occupants: \_\_\_\_\_
- [ ] Other: \_\_\_\_\_
- [X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: 4 Trash Chutes: \_\_\_\_\_

<u>Apt No.</u>	<u>Apt Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Other Garage (sf)</u>	<u>Lanai (sf)</u>
1	B(R)	1	6/4	1795	560	135
2	C	1	6/4	1829	672	125
3	B	1	6/4	1795	560	135
4	A	1	6/4	1767	758	165

Total Number of Apartments: 4

\* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibit "B"

Permitted Alterations to Apartments:

As permitted by the Declaration and county ordinances.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 1 la). Developer has X elected to provide the information in a published announcement or advertisement.

7.

Total Parking Stalls: 16

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	TOTAL
Assigned							
(for each unit)	<u>3 ea</u>	<u>-0-</u>	<u>          </u>	<u>          </u>	<u>1 ea</u>	<u>          </u>	<u>4 ea</u>
(Apt. 1, 2 & 3)							
Guest	<u>-0-</u>	<u>-0-</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Unassigned	<u>-0-</u>	<u>-0-</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Extra for Purchase	<u>-0-</u>	<u>-0-</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Assigned to							
Other: <u>Apt. No. 4</u>	<u>-4-</u>	<u>-0-</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>4</u>
Total Covered & Open:	<u>13</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>3</u>	<u>          </u>	<u>16</u>

Each apartment will have the exclusive use of at least 4 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

- ☐ Commercial parking garage permitted in condominium project.
- ☒ Exhibit C contains additional information on parking stalls for this condominium project.

8.

- [ X ] There are no recreational or common facilities.
- [ ] Swimming pool [ ] Storage Area [ ] Recreation Area
- [ ] Laundry Area [ ] Tennis Court [ ] Trash Chute/Enclosure(s)
- [ ] Other: \_\_\_\_\_

9.

- [ X ] There are no violations. [ ] Violations will not be cured.
- [ ] Violations and cost to cure are listed below: [ ] Violations will be cured by \_\_\_\_\_  
(Date)

10.

N/A

11. Conformance to Present Zoning Code

- a. ☒ [ X ] No variances to zoning code have been granted.  
☐ [ ] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u>N/A</u>	<u>N/A</u>
Structures	<u>X</u>	<u>N/A</u>	<u>N/A</u>
Lot	<u>X</u>	<u>N/A</u>	<u>N/A</u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

- ☒ [ X ] described in Exhibit "D".  
☐ [ ] as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

☐ There are no limited common elements in this project.

☒ The limited common elements and the apartments which use them, as described in the Declaration, are:

☒ described in Exhibit "D".

☐ as follows:

NOTE: Limited Common Element Areas are not legally subdivided lots.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

☒ described in Exhibit "D".

☐ as follows:

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "E" describes the encumbrances against the title contained in the title report dated March 21, 2007 and issued by Island Title Corporation.

### Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[ ] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

[ X ] There is a mortgage that encumbers only Apartments 1 and 2, it is not a blanket lien. In the event the Developer defaults or the lien is foreclosed upon prior to conveyance to a Buyer, the sales contract is terminated and the Buyer is entitled to a refund of all deposits.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage(s) and related security interests	The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less escrow cancellation fee.

### F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

Building contractor's warranty will pass on to Buyer.

Chapter 672E, Hawaii Revised Statutes, Effective July 1, 2004, contains important requirements you must follow before you may file a lawsuit or other action for defective construction against the contractor who designed, repaired, or constructed your home or facility. Ninety days before you file your lawsuit or other action, you must serve on the contractor a written notice of any construction conditions you allege are defective. Under the law, a contractor has the opportunity to make an offer to repair and/or pay for the defects. You are not obligated to accept any offer made by a contractor. There are strict deadlines and procedures under the law and failure to follow them may negatively affect your ability to file a lawsuit or other action.

2. Appliances:

The Developer makes no warranties itself. However, the Developer will attempt to assign to each apartment owner the benefit of any manufacturer's or dealer's warranties covering the appliances in his or her apartment. Each apartment owner shall have the direct benefit of any such warranties that are assigned, if the Developer's attempted assignment is successful and binding. Such warranties, if available, will expire at different times, depending on the date of manufacture, sale, or installation of the appliances.

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Construction commenced in January 2005 and was completed in September 2006.

H. **Project Phases:**

The developer [ ] has [ X ] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

N/A



#### IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements**: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

☐ not affiliated with the Developer ☐ the Developer or Developer's affiliate  
☒ self-managed by the Association of Apartment Owners ☐ Other: \_\_\_\_\_

- B. **Estimate of Initial Maintenance Fees**:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit \_\_\* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

\* See Page 20 for Additional Information.

- C. **Utility Charges for Apartments**:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

☒ None ☐ Electricity (\_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)  
☐ Gas (\_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)  
☐ Water ☐ Sewer ☐ Television Cable  
☐ Other \_\_\_\_\_

## V. MISCELLANEOUS

### A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- ☒ Notice to Owner Occupants
- ☒ Specimen Sales Contract  
Exhibit "F" contains a summary of the pertinent provisions of the sales contract.
- ☒ Escrow Agreement dated December 29, 2005  
Exhibit "G" contains a summary of the pertinent provisions of the escrow agreement.
- ☐ Other \_\_\_\_\_

### B. Buyer's Right to Cancel Sales Contract:

#### 1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
  - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
  - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
  - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other N/A

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 5956 filed with the Real Estate Commission on March 14, 2006.

Reproduction of Report. When reproduced, this report must be on:

☐ YELLOW paper stock      ☒ WHITE paper stock      ☐ PINK paper stock

C. **Additional Information Not Covered Above**

**NOT A SUBDIVISION.** This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

**MAINTENANCE FEES.** Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. All utilities are separately metered. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report.

Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that the premiums for the insurance be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

**RESERVES.** Developer discloses that no reserve study was done in accordance with Section 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. No reserves are necessary because there are no common elements that require any type of replacement or major repair. Developer believes that any repair would be treated as a special assessment in order to avoid incurring additional expenses associated with the collection of maintenance fees on a monthly basis.

**APPLICABILITY OF HRS CH. 514B.** It should be noted that certain sections of HRS Ch. 514B apply to condominiums created in this State prior to the effective date of Ch. 514B, in particular, the following sections: HRS §§ 514B-4, 514B-5, 514B-46, 514B-72, and part VI, and § 514B-3 to the extent definitions are necessary in construing any of those provisions. The aforementioned provisions apply only with respect to events and circumstances occurring after the effective date of HRS Ch. 514B and do not invalidate existing provisions of the declaration, bylaws, condominium map, or other constituent documents of those condominiums. The declaration, bylaws, condominium map, or other constituent documents of any condominium created before the effective date of HRS Ch. 514B may be amended to achieve any result permitted by Ch. 514B, regardless of what the applicable law provided before the effective date of the chapter.

**AMENDMENT OF BY-LAWS** Under Hawaii Revised Statutes § 514B-108(e), the condominium by-laws may be amended at any time by the vote or written consent of at least sixty-seven (67) percent of all unit owners. Any proposed together with the detailed rationale for the proposal may be submitted by the board or by a volunteer unit owners group. The proposed bylaws, rationale, and ballots for voting on any proposed bylaw(s) shall be mailed by the board to the owners at the expense of the association for vote or written consent without change within thirty days of receipt of the petition by the board. The vote or written consent, to be valid, must be obtained within three hundred sixty-five days after mailing for a proposed bylaw submitted by either the board or a volunteer unit owners group. If the bylaw is duly adopted, the board shall cause the bylaw amendment to be recorded. Part VI of Chapter 514B of the Hawaii Revised Statutes now governs management of the association.

**REMEDIES FOR CONSTRUCTION DEFECTS.** Chapter 672E, Hawaii Revised Statutes, Effective July 1, 2004, contains important requirements you must follow before you may file a lawsuit or other action for defective construction against the contractor who designed, repaired, or constructed your home or facility. Ninety days before you file your lawsuit or other action, you must serve on the contractor a written notice of any construction conditions you allege are defective. Under the law, a contractor has the opportunity to make an offer to repair and/or pay for the defects. You are not obligated to accept any offer made by a contractor. There are strict deadlines and procedures under the law and failure to follow them may negatively affect your ability to file a lawsuit or other action.

CONDOMINIUM UNITS. Only one condominium unit exists per building unit. Although the building are three-story units, they are intended for occupancy and may be sold only as a single unit, not separately by floor.

#### NONCONFORMING USE.

Application for Governmental Approval. In the event a change in zoning renders any apartment or any portion thereof to be nonconforming as to structure and/or use, the affected apartment owner may, at his sole cost and expense, apply to the appropriate governmental agencies for the necessary licenses, permits, and/or approvals to preserve the right to use and/or rebuild the nonconforming apartment in the manner contemplated by the provisions the original Declaration and the original Condominium Map, as amended, heretofore filed on December 30, 2005.

Conveyance to Association. In the event the affected apartment owner fails to obtain the necessary governmental licenses, permits, and/or approvals, such that the apartment owner is prevented by the laws or ordinances then in effect from rebuilding, repairing, or reinstating the damaged improvements, then in such event, the apartment owner shall promptly remove all debris and remains of the improvements and restore the land to good orderly condition and even grade, using the proceeds of insurance to the extent necessary therefor, subject to the rights of any mortgagee, and convey his apartment and his common interest to the Association.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A.-1 .6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

1501 THURSTON, LLC  
Printed Name of Developer

By: HAN DEVELOPMENT, LLC, as its sole member March 25, 2007  
Duly Authorized Signatory Date

By: [Signature]  
MICHAEL H. CHAN, as Co-Trustee of The Michael H. Chan Trust  
dated January 8, 2004  
Its Member

By: [Signature]  
STEPHANIE L. Q. CHAN, as Co-Trustee of The Michael H. Chan Trust  
dated January 8, 2004  
Its Member

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

## EXHIBIT "A"

### Developer's Reserved Rights

At any time before a sales contract becomes binding, Seller shall have the right for any reason to change the condominium project including without limitation, the right to change the Purchase Price or to cancel or terminate the Project, in which case the Buyer will be entitled to a refund of all sums paid by Buyer. Seller shall also have the right to modify the condominium documents, including without limitation, the Declaration, Bylaws, Condominium Map, House Rules, if any, and the form of Apartment Deed.

At any time after a sales contract becomes binding, Seller reserves the right to change the Declaration, Bylaws, Condominium Map, House Rules, if any, the form of Apartment Deed and other documents in order to comply with the requirements of any law, any title insurance company, any lender, the Fee Owner, or any governmental agency as a condition to selling apartments in the Project. Seller has also reserved the right to make any changes that Seller determines to be necessary and made at any time before the recordation of the conveyance of an Apartment to a Buyer, provided that the changes do not: (i) substantially change any of Seller's obligations under the sales agreement; (ii) require a substantial change in the design, location or size of the Apartment or of the building in which the Apartment is located; (iii) increase the Buyer's undivided percentage common interest in the common elements of the Project; or (iv) reduce Seller's obligation for common expenses on any unsold apartments in the Project.

Seller has also reserved the right to grant easements through the common elements and/or limited common elements for any reasonable purpose.

## EXHIBIT "B"

### Description of Apartments

The Project contains the following four (4) units:

Each Apartment shall be deemed to include everything within the exterior perimeter walls of a building, its roof, foundation, windows, exterior stairways, doors and entryways, including without limitations: (i) all pipes, shafts, vents, ducts, pumps, conduits, cables, wiring, other utility or service lines running through such Apartment that are utilized for and serve only that Apartment; (ii) all appliances and fixtures installed within the Apartment; and (iii) all parking garages.

The respective Apartments shall not be deemed to include any pipes, conduits, cables, wiring and other utility or service lines, or any utility meters that are utilized for or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided.

Apartment Type BR is a mirror image of Apartment Type B.



## EXHIBIT "C"

### Parking Stalls

1. The Project shall have a total of sixteen (16) parking stalls. Each apartment shall have a total of four (4) parking stalls.
2. Apartments 1, 2, and 3 shall each have a parking garage with three (3) covered parking stalls and one (1) open tandem parking stall as indicated on the Condominium Map.
3. Apartment 4 shall have a parking garage with four (4) covered parking stalls.

## EXHIBIT "D"

### Common Elements, Limited Common Elements, and Common Interest

1. Common Elements. The common elements include all of the portions and appurtenances of the Project not otherwise designated as an apartment, including specifically, but not limited to: (1) Said land in fee simple; (2) All ducts, sewer lines, electrical equipment, pipes, wiring and other central appurtenant transmission facilities and installations over, under and across the Project which serve an apartment in the Project for services such as power, light, water, gas, sewage, refuse, telephone and radio and television signal distribution; (3) All roadways, gates, ramps, walkways, curbs, walls, and loading areas, that serve the entire Project; except with respect to fences which appear on the Condominium Map; (4) All fixtures, furnishings, equipment, decorations, tools and appliances used in connection with the common element; and (5) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety or normally in common use.

2. Limited Common Elements. Certain parts of the common elements, herein called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of an apartment and such apartment shall have appurtenant thereto exclusive easements for the use of such limited common elements. The boundaries of the limited common element areas for each apartment are shown on the Condominium Map. The limited common elements so set aside and reserved are: (1) the land areas beneath and surrounding the apartments, as designated on the Condominium Map, which shall be appurtenant to and for the exclusive use of such apartments; (2) certain exterior tandem parking stalls appurtenant to certain apartments shown on the Condominium Map; and (3) certain driveways and easements in the Project serving one or more apartment owners. Said driveways and easements shall be appurtenant to the specific apartments they serve and shall be the joint responsibility of those owners thereof to maintain and (4) the fences demarcating the boundaries between limited common elements as shown on the Condominium Map, provided however the fences shall be appurtenant to those apartments bearing a corresponding apartment number and shall be the responsibility of the owner thereof to maintain.

3. Common Interest. Each apartment shall have appurtenant thereto an undivided twenty-five percent (25%) interest in all common elements of the Project, including voting in the Association.

EXHIBIT "E"

Encumbrances Against Title

(See Separate Sheet)

**PART II:**

1. Tax Map Key No. 1/2-4-17-37  
  
See Tax Report attached herein.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:  
Deed  
  
Dated: July 28, 1936  
Recorded: Document No. 36669  
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended
4. GRANT OF EASEMENT  
  
Dated: January 13, 2005  
Recorded: Document No. 3219309  
Purpose: utility, and incidental purpose  
In favor of: Hawaiian Electric Company, Inc., a Hawaii corporation, and Verizon Hawaii Inc. , a Hawaii corporation
5. Land Court Condominium Map No. 1764 .
6. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in Declaration of Condominium Property Regime:  
  
Dated: December 29, 2005  
Recorded: Document No. 3374004  
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

7. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in Declaration of Condominium Property Regime:

Dated: December 29, 2005  
Recorded: Document No. 3374004

to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions, or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended.

Amendment of Declaration

Dated: July 6, 2006  
Recorded: Document No. 3449702

Second Amendment of Declaration

Dated: March 28, 2007  
Recorded: Document No. 3580799

8. By-Laws of the Association of Apartment Owners of GREEN THURSTON CONDOMINIUM:

Dated: December 29, 2005  
Recorded: Document No. 3374004

9. MORTGAGE (Loan No. ---)

Dated: October 19, 2006  
Recorded: Document No. 3502980  
Principal Amount: \$560,000.00  
Mortgagor: 1501 Thurston, LLC, a Hawaii limited liability company  
Mortgagee: First Hawaiian Bank, a Hawaii corporation

This mortgage encumbers only Apartments 1 and 2, but is not a blanket lien. In the event the Developer defaults or the lien is foreclosed upon prior to conveyance to a Buyer, the sales contract is terminated and the Buyer is entitled to a refund of all deposits.

EXHIBIT "F"Summary of Sales Contract

The Sales Contract will be the standard DROA used by the Hawaii Association of Realtors and shall contain the purchase price, description and location of the apartment and other terms and conditions under which a Buyer will agree to in buying an apartment in the Project.

Among other things, the DROA and Condominium Addendum provide:

1. The escrow agent states that buyer's deposit will be held in escrow until the DROA is closed or canceled.
2. The Buyer shall pay all closing costs, including costs for title insurance and other closing costs.
3. If Buyer default in making any of the required payments Seller may terminate the DROA.
4. That Buyer may not assign his/her interest in the Sales Contract without the prior written consent of Seller and any consent shall be subject to other terms and conditions.
5. That the DROA shall not be construed as a present transfer of any interest in the apartment or the land; rather, it is an agreement to transfer a fee simple interest in the future.
6. Seller retains right to have ongoing construction and sales activities on the Project and Buyer waives any claims arising from such ongoing construction and/or sales activities.
7. Seller makes no representations about rental or resale of the apartment.
8. Until Closing, Seller may change the Project, the Declaration, the Bylaws, the Condominium Map or other documents, may change the Purchase Price or cancel and terminate the Project, in which case the Buyers would be entitled to a refund of all deposits paid by Buyer.
9. Seller reserves the right to file "as-built" amendments to the Condominium Declaration and Map.
10. No house insulation installed in the apartment.
11. Certain of Buyer's obligations survive recordation of the Apartment Deed.

## EXHIBIT "G"

### Summary of Escrow Agreement

1. All payments due in a Sales Contract for the conveyance of an Apartment or other interest in the Project shall be promptly made to escrow.
2. Escrow shall hold in separate escrow accounts all payments received by it under the Sales Contract or for the Project, provided that Escrow shall not commingle any of Purchaser's funds with funds held for the Seller.
3. All monies received by Escrow shall be deposited, as directed by Seller, in an interest bearing account in a federal insured bank or savings and loan institution in Honolulu, Hawaii, and all income therefrom and interest paid thereon shall be credited to the account of Seller, unless otherwise directed by the Sales Contract.
4. Escrow shall receive evidence satisfactory to Seller of each purchaser's ability to pay in cash the purchase price stated in the Sales Contract, and Escrow shall receive funds from purchaser's lender for disbursement under the Sales Contract.
5. Escrow shall collect payments from Buyer, including late charges, as required by the Sales Contract. Escrow shall collect from each purchaser no later than the time of escrow closing the first month's maintenance charges and realty property taxes due on the apartment, prorations and other sums due as provided in the Sales Contract, along with the special assessments of "start-up" fees thereon for commencement of the operation of the Project.
6. Escrow shall earmark funds received on account of the purchase of any particular apartment and shall not cause the disbursement of such funds except by way of refunds thereof as provided below, until purchaser's apartment deed is recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii or the Bureau of Conveyances as the case may be. Upon such recording of the particular apartment deed, Escrow shall pay to Seller all funds received on account of the particular apartment sold or conveyed.
7. Purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, without interest, if one of the following has occurred:
  - a. Escrow receives a written request from Seller to return to the purchaser the funds of the purchaser then being held hereunder by Escrow or;
  - b. Seller notify Escrow in writing of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Seller or;

c. The conditions providing for a refund under Section 514A-62 or 514A-63 of the Condominium Property Act have been met, and written notice thereof has been provided to Seller and to Escrow.

Upon the occurrence of any of the foregoing entitling purchaser to a return of his funds, neither purchaser nor Seller shall be obligated under the Sales Contract. Escrow shall be entitled to a cancellation fee of \$50.00 from Seller except that in a refund or cancellation under Section 514A-62 or 514A-63, then the Purchaser shall pay a cancellation fee of \$50.00 to escrow.

8. Escrow may close the transaction upon recording of the Apartment Deed to the purchaser and upon full payment of the purchase price.

9. Escrow may "preclose" a sale to a purchaser upon fifteen (15) days prior notice to a purchaser.

10. Escrow shall give each purchaser notice by certified or registered mail of any refunds purchaser is entitled to receive but if purchaser fails to claim such refunds within sixty (60) days of such notice, then escrow shall treat such funds as funds for the Seller.

11. If the purchaser fails to make any payment which is due or breaches the Sales Contract, Escrow shall promptly give to such purchaser written notice of default and will notify Seller of the purchaser's default. Escrow shall thereafter treat all funds of the purchaser paid under such Sales Contract, or any portion thereof as may be allowed by said Sales Contract, less Escrow's cancellation fee, as funds of Seller and not of the purchaser.

12. Escrow shall from time to time, release from Escrow, and pay and disburse to Seller, funds, other than funds from the sale of apartments (including any payments made on loan commitments from lending institutions) received prior to closing, in the manner directed by Seller except as otherwise provided herein.

13. If Escrow receives conflicting demands of Seller, apartment purchaser, or other third parties, Escrow may interplead the escrow funds with the Court.

14. Escrow shall be entitled to an escrow fee and a lenders ALTA policy fee of \$100.00 which is to be paid by the apartment purchaser.

15. This Contract shall be binding upon, shall apply to and inure to the benefit of the parties hereto and their respective heirs, personal representatives, devisees, successors and assigns, and shall upon its acceptance by a given purchaser (which shall automatically occur upon Seller's execution of the Sales Contract signed by purchaser,



also be binding upon and inure to the benefit of such purchaser, his heirs, personal representatives, devisees, successors and permitted assigns.

16. This Agreement may be terminated by either party hereto upon thirty (30) days written notice to the other; provided, however, that all transactions in progress hereunder at the time of such termination shall be completed under the terms of this Agreement and no funds shall be disbursed except to a successor qualified escrow.

17. This Agreement is subject to the Condominium laws of the State of Hawaii.

18. The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. If there is a conflict between the terms of this summary and the Escrow Agreement, the latter shall control.